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General Motors

Public Policy Center

ALAN R. WEVERSTAD

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FE-6291

July 31, 2002

Docket Management  
Room PL-401  
400 Seventh Street, SW.  
Washington, DC 20590

RE: Docket No. 2002-11419, National Academy of Sciences Study and Future Fuel Economy Improvements, Model Years 2005-2010  
Additional Information to Supplement General Motors Response to the Request for Comment on the NAS Study and Future Fuel Economy Improvements 2005-2010

Attached is additional information to supplement General Motors May 7, 2002 response to the subject National Highway Traffic Administration Request for Comment (67 Fed. Reg. 5767, February 7, 2002). The attached provides CAFE forecasts for GM's 2008-2010 model year light truck fleet.

We are providing a version to the docket with confidential information excluded. We are providing copies containing confidential information to the Chief Counsel's Office. General Motors requests that all material marked as confidential either with brackets and a "c" superscript [ ]<sup>c</sup> or with the word "Confidential" in this document be afforded confidential treatment by NHTSA.

If you have any questions regarding this, please contact me on (313) 665-2957 or Richard Schneider of my staff on (313) 665-2964.

Sincerely,

Alan R. Weverstad, Director  
Mobile Emissions and Fuel Efficiency

Att.

## **Additional Information to Supplement General Motors Response to NHTSA's Request for Comments Regarding the Fuel Economy of Manufacturers' Light-Duty Trucks for Model Years 2005-2010**

### **Overview**

The following provides CAFE forecasts for GM's 2008-2010 model year light truck fleet. Our May 7, 2002 submission provided CAFE forecasts only through 2007 model year. As part of GM's general business planning, we do not normally develop detailed CAFE forecasts as far into the future as NHTSA requested. Therefore, our May 7, 2002 submission provided detailed CAFE forecast information only through the 2007 model year, but discussed our program plans through 2010 MY. We stated too much uncertainty exists in the post-2007 time period to develop detailed CAFE estimates which require information on vehicle and powertrain parameters that are not known with any confidence so far in advance.

However, in a effort to be responsive to NHTSA's needs, we have developed forecasts of GM's fleet average fuel economy for the 2008-2010 model years at a truck nameplate/model level. Due to the greater uncertainties involved, we cannot provide the level of detail that we provided for our 2005-2007 MY forecasts with regard to powertrain information, vehicle weights, N/V, and road load data.

These forecasts are based on numerous assumptions and predictions, many of which may change or prove to be incorrect when these model years actually arrive. We urge NHTSA to consider the highly uncertain nature of projections so far into the future. Many factors influencing CAFE are beyond our control (e.g. fuel prices, market dynamics, future government and competitor actions, and the longer-term health of the automobile industry). Accordingly, these forecasts will inevitably change in ways that cannot be predicted today.

As we indicated in our May 7, 2002 submission, estimates of GM's CAFE have generally proven to be too high. For example, for model years 1988 through 1995, NHTSA overestimated GM's CAFE capability by an average of 0.4 mpg each year (see GM's January 25, 1994 letter to NHTSA concerning 1996-1997 MY truck CAFE rulemaking). Even our own projections have consistently overestimated our CAFE capability, as unexpected market trends (i.e., the vehicle purchase decisions of our customers) have worked against higher fleet average fuel economy. In our August 3, 1994 submission to NHTSA's ANPRM, our CAFE forecasts for model years 1998 through 2000 averaged 1.3 mpg above what we actually achieved in those years. These forecasts were even 0.5 mpg higher on average than our "Higher Confidence Forecasts", which tried to reflect some of the potential deterioration we foresaw for these years. Obviously, these "Higher Confidence Forecasts" did not sufficiently encompass the CAFE deterioration attributable to these uncertainties.

Our May 7, 2002 submission identified various factors that have degraded CAFE in the past and could reduce CAFE for 2005 and later model years:

- Low fuel prices
- Trends in consumer demand for more performance

- Trends in consumer demand for vehicle features including car-like features as well as utility features such as 4WD
- Market shifts to larger SUVs
- Less than expected benefits of technology development
- Scarcity of capital necessary to fund new programs, powertrains, and technologies
- Future emission and safety requirements

Obviously, forecasts further into the future are subject to even greater uncertainty. We urge NHTSA to consider these factors when evaluating our forecasts.

#### **GM's 2008-2010 MY Truck CAFE Forecasts**

Table 1 provides GM's light truck CAFE forecasts for 2008-2010 MY. These forecasts were developed at the truck model level of detail, based upon our 2007 model year forecast. Specific product parameters and powertrain detail are generally not available for this timeframe. These forecasts reflect the changes to our product plan which are currently anticipated. Sales information at the truck model level were derived from our long-term forecasts for the industry.

As we did in our May 7, 2002 submission, in addition to the forecasts in Table 1, we are providing a "Low Range" forecast in an attempt to capture some of the uncertainties and to reflect the historical bias that both NHTSA and GM have experienced in CAFE projections.

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believe it is reasonable, on a technology and product basis, to assume that the uncertainty associated with 2008-2010 MY forecasts should be at least as large as the detailed uncertainty range calculated for the 2007 MY. Our projections of GM's truck CAFE is as follows:

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As stated previously, it is important to recognize the large uncertainty in these forecasts and that our previous forecasts (including our "Low Range" forecasts developed in 1994 for 1998-2000 MYs) have proven to be significantly optimistic. Many critical factors are outside a manufacturer's control, such as future fuel prices, the state of the economy, increasing competition in the small and large truck segments, new safety and emission standards, and trends in consumer purchasing patterns. In the past, unexpected changes in these factors have nearly always worked against higher CAFE. Therefore, it is very unlikely that our current forecasts underestimate CAFE.

**ENTIRE TABLE IS  
CONFIDENTIAL**

**Table 1**  
**GM's 2008-2010 Model Year Truck CAFE Forecast**